

Minutes of the meeting of the Audit and Governance Committee held in Conference Room 1, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Wednesday 27 September 2023 at 3.00 pm

Committee members present in person and voting: **Councillors: Chris Bartrum, Frank Cornthwaite, Robert Highfield, David Hitchiner (Chairperson) and Aubrey Oliver (Vice-Chairperson)**

Committee members participating via remote attendance: **Councillors: Mark Woodall**

[Note: Committee members participating via remote attendance, i.e. through video conferencing facilities, may not vote on any decisions taken.]

Others in attendance: P Barber (Director, Grant Thornton), J Coleman (Democratic Services Manager), B Evans (Engineering manager), R Hart (Head of Strategic Finance), J Higgins (Governance Support Assistant), A Lovegrove (Director of Resources and Assurance), S O'Connor (Head of Legal Services and Deputy Monitoring Officer) and J Preece (Democratic Services Officer)

29. APOLOGIES FOR ABSENCE

No apologies were received.

30. NAMED SUBSTITUTES (IF ANY)

There were no substitutes.

31. DECLARATIONS OF INTEREST

No declarations of interest were made.

32. MINUTES

RESOLVED:

That the minutes of the meeting held on 31 July 2023 be confirmed as a correct record and signed by the chairperson.

33. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public.

34. QUESTIONS FROM COUNCILLORS

No questions had been received from councillors.

35. INDEPENDENT MEMBER APPOINTMENT TO AUDIT & GOVERNANCE COMMITTEE

The Head of Strategic Finance presented the report on Independent Member Appointment to Audit & Governance Committee.

The report summarised the recommendations of the Redmond review published in September 2020 and Chartered Institute for Public Finance and Accountancy (CIPFA) for Audit Committees in Local Government. Both publications had recommended an independent member to bring a different technical expertise, experience and to improve and enhance governance arrangements.

It was highlighted that the most recent Auditor's annual report which considered the Councils governance arrangements as part of the work on value for money also included this in their recommendations.

The report suggested that the committee considered the skills and experience of existing members to identify areas where they might seek to enhance through the appointment of an independent member. The Head of Strategic Finance would circulate a document seeking to record the relevant skills and experience of members of the committee.

In response to committee questions, it was noted:

1. Advertising would go through the councils normal channels for public appointments. Advertisements could be included on the Councils' social media platforms to increase the reach of applicants. Members could use their own networks to encourage appropriate people they knew to apply for the role.
2. It was highlighted the committee had delegation to select an Independent Member but would then need to recommend to Full Council to appoint that person and any other terms deemed appropriate.
3. Once appointed the Independent member would have the same authority as any other member of the committee and the committee would increase to 8 members. The Constitution currently drafted restricted voting on certain matters. Voting would be granted on items such as advisory matters where the committee is passing a recommendation that goes to another body for them to adopt. Voting would be restricted on items which has been delegated to the committee to discharge on behalf of the council. For example to adopt a plan or to sign off on a particular strategy. It was highlighted that other authorities restricted voting completely. The Committee could recommend to Council changes to these arrangements if they thought this was appropriate.

Resolved:

That:

- (a) The Committee note the information provided on the appointment of an Independent Member to the Audit Committees;**
- (b) The Committee considers the skills and experience required in an Independent Member;**
- (c) Nominates the Chair, Vice Chair and at least 1 further member of the Committee to perform the recruitment and interview of the Independent Member reporting back into the Committee; and**
- (d) Delegates to those members of the Committee authority to make recommendation to full Council to appoint the Independent Member.**

Action(s): 2023/24-008 A skills audit to be undertaken by the committee to identify areas where they might seek to enhance through the appointment of an independent member.

36. 2022/23 FINANCIAL STATEMENT AUDIT PROGRESS

The Head of Strategic Finance introduced the report, it outlined the progress of the external audit of the Statutory Accounts for the year ended 31 March 2023.

The following points were highlighted:

- The council prepared the draft Statement of Accounts for 2022/23 and published them on 31 May 2023, in line with the statutory deadline.
- Hereford Council were one of only 30% of UK local authorities that had met the deadline.
- The statutory audit commenced on 3 July 2023, performed by Grant Thornton (GT) and their team.
- The council's Finance Team had worked hard to provide high quality working papers and responded to audit requests through the provision of evidence.
- GT had made significant progress to date and it was noted no material errors in the statements had been found.
- As a result of a number of challenges, GT were not able to present the 2022/23 External Audit Findings Report as previously planned and the statutory deadline to deliver the audit opinion on the financial statements by 30 September 2023 will now not be met. These challenges included staff resources, multiple sickness absences and issues with the skills and experience of the junior members of the audit team.
- The Director, Grant Thornton (DGT), expressed their disappointment in the position they were currently in and not as set out in the plan that was put to the committee in June. It was highlighted that the challenges were exclusively with GT and it was important to note that the co-operation from the council's Finance Team had been excellent.
- The DGT echoed the Head of Strategic Finance and provided assurance that they had made significant progress to date and it was noted no material errors in the statements had been found.
- The DGT drew attention to "Appendix A: Grant Thornton Progress Report September 2023" (Pg 128) and the declining performance against the target date for publication of audited accounts in recent years. It was thought that very few percent of authorities would meet the required deadline of 30 September.
- The DGT assured the committee they were committed to completing the audit to be brought before them at the 24 October meeting.
- The DGT informed the value for money (VFM) statement was underway and working to the deadline of the end of the year.

In response to committee questions it was noted:

1. GT were committed to ensure that the audit findings report is as complete as possible and provided the council with as much assurance as possible. The DGT confirmed he would be in attendance in person at the meeting on 24 October 2023.

The committee noted their disappointment with the delay with the accounts being signed off and frustration that the Council could not hold GT to account.

The Chairperson would write to the PGAA and Secretary of state.

2. The DGT explained, the GT contract to undertake the work as an external auditor for the Hereford Council is with the Public Sector Audit Appointments (PSAA). The PSSA holds GT to account and actively manages delivery and works with GT to help deliver timely audits.
3. The DGT recognises a delay in a large number of audits, but assures that GT consistently outperformed every other firm in terms of timeliness of accounts.

4. The DGT explained the ramifications of not meeting deadlines is factored in to future tendering processes. It was explained the PSAA contract runs for five years and Councils have the option to “opt out” and go out to appoint an independent external auditor. It was confirmed that GT had tendered for accountancy work for audits for those who appointed outside of the PSAA previously, but are not looking to tender for any further appointments moving forward.
5. The DGT confirmed that Hereford Council were prioritised and will have accounts signed off significantly ahead of the majority of GT’s other local government clients.
6. In response to a question raised around proposed PSAA fee increases and whether this would result in receiving timely reports, the DGT thought unless there was a change to the current requirement in terms of audit procedures, he would be surprised if there was any short-term Improvement in delivery.
7. The Council are working with GT to follow up on previous recommendations and management actions
8. The DGT confirmed that all individuals engaged on the audit are GT employees, there are members based in Bristol and India. A large element of the work is resourced from India but this is not subcontracted out because they are employed by Grant Thornton LLP.
9. With regards to issues recently highlighted in the press surrounding a council falling into financial difficulties, the DGT explained the process undertaken by auditors and the statutory recommendations that are issued, the DGT would circulate “Lessons from recent Public Interest Reports”.

Resolved

That:

- a) **Audit and Governance Committee note the progress of the external audit of the Statutory Accounts for the year ended 31 March 2023.**

2023/24-009 A letter to be sent by the Chair of the Committee to the PSAA and secretary of state.

2023/24-010 DGT to provide the committee with the “Lessons from recent Public Interest Reports”.

37. UPDATE ON THE ACTION PLAN IN RELATION TO “ASH DIE BACK”

A presentation was provided by the Engineering Manager (EM), the following points were highlighted.

- The first reported case of Ash Die Back in the County was in 2014 and cases are expanding.
- The exact number, location and condition is unknown.
- There is potentially 100,000 Ash Trees in or adjacent to the public highway which could impact on the network and 95% of those are in the Councils ownership.
- The areas within the Public Realm that are affected by Ash Die Back were covered such as; trees in open spaces, verges in regards to public highways, trees on Council owned land and trees in private ownership adjacent to the public realm, highway or public rights of way. .
- The risks of Ash Die Back were explored such as, Falling Limbs causing a risk to life, property and infrastructure.
- The 4 categories which define the level of disease were explained.
- The Conservation team are leading on a County Tree Strategy, which should be approved and implemented by March 2024.

- An Ash Die Back action plan is being worked on which will set out the Council's objectives moving forward.
- Full consideration will be needed for those trees effected by Ash Die Back which are covered by a Tree Preservation Order (TPO).
- The Conservation team are reporting on and assessments being undertaken of ash trees through planning applications received.
- The Council are working with and sharing ideas and knowledge with other groups such as the Local Authority Ash Dieback Working Group, Defra, and neighbouring authorities.
- As set out in the Highways Maintenance Plan, all roads are inspected annually as a minimum, monthly inspections for the A and B roads.
- Specific surveys to be undertaken by qualified arboricultural consultant.
- Next steps include.
 - Recovery Plan – Removing the affected trees, re-planting of new trees in the right places with regards to highways and the encouragement of replanting on private landownership.
 - Monitoring information sharing,
 - Keeping the Corporate Risk Register updated.
 - Continuous updates to the communications plan so the public are informed of what the Council are doing and why.

In response to questions, the Engineering Manager commented on;

1. The EM confirmed the funding for the recovery plan had been secured within the Capital programme.
2. Currently within the public realm contract there is a small team which is complemented by local contractors. A tender process is currently underway to incorporate a framework contract so other contractors could come on board who could then be called upon as and when needed. Once that framework is in place, the Council could potentially offer that service out to support members of the public who have ash trees within their private ownership.
3. The Director of Resources and Assurance confirmed the additional budget approval for the next 4 years 2024/25 through to 2026/27 of £367k per annum was agreed by Council in February 2023 as part of the capital programme.

The Chairperson thanked the Engineering Manager for his comprehensive presentation and it was agreed Ash Die Back would be reviewed again if necessary once the committee had been updated on the Corporate Risk Registers.

38. WORK PROGRAMME

The committee's updated work programme was presented, showing amendments which included the reports surrounding the statement of accounts being moved to the work plan for October. It was highlighted due to the delayed reports having moved, the agenda for October was now compacted and it was suggested some items may be rearranged to the November meeting.

RESOLVED

That subject to the amendments noted, the updated work programme be agreed.

39. DATE OF NEXT MEETING

Tuesday, 24 October 2023 at 2pm.

The meeting ended at 4.13 pm

Chairperson